

Varied economic data sees equities pause

US equities showed mixed performance last week as in the month of August markets have broken their upward track seen throughout much of 2023. Last week saw a particularly light economic calendar in what is traditionally, a slow month for equities.

On Thursday however, investors did see the release of the US Consumer Price Index (CPI) from the Bureau of Labor Statistics. The results showed that headline US inflation rose slightly month on month in July, up 0.2% to a figure of 3.2% annually. Core CPI, which strips out volatile food and energy costs saw an annual figure of 4.7% in July, down from a figure of 4.8% in June. Both figures were largely in line with expectations and markets took the news positively. Markets in general priced in a higher likelihood that the Federal Reserve will pause their interest rate hiking policy in September. On Friday, a separate inflation report was released known as the Producer Price Index (PPI), which considers selling prices received by domestic producers for their output. This report showed that producer inflation accelerated to 0.8% in July up from a figure of 0.2% in June and slightly higher than economists' expectations. These results left for a more mixed consensus on inflation and potential interest rate paths, leading to a moderate fall in equities on Friday.

In Europe, last week saw a surprise decision from the Italian Government to impose a windfall tax on bank profits. The announcement of 40% tax on profits earned by banks in both 2022 and 2023 saw European financial stocks fall considerably on Tuesday. The following day however the Italian government assured investors that the levy would be capped at 0.1% of risk-free assets, leading to a gain in European stocks. European stocks finished the week up marginally, despite fears that China's economic recovery has stalled. China, the world's largest manufacturing economy and one of Europe's largest trading partners, faces disinflationary fears as both consumer and producer prices fell last week.

Our regular market information continues on the next page.

Snapshot



Gold



World Equities
Corporate Bonds
Sovereign Bonds
Oil
Copper

The week ahead

15 Aug	US Retail sales go to print.
17 Aug	US Initial Jobless Claims report is released.
18 Aug	Eurozone CPI figures are issued.



	1 Week Return 07.08.23 to 14.08.23		Year to Date Return 31.12.22 to 14.08.23	
	Local Currency	Euro	Local Currency	Euro
World	-1.0%	-0.7%	15.5%	12.3%
U.S.	-1.3%	-1.0%	17.4%	14.2%
Europe	0.1%	0.1%	12.0%	12.0%
Ireland	-3.5%	-3.5%	27.1%	27.1%
U.K.	0.2%	0.0%	3.2%	6.1%
Japan	0.6%	-0.8%	24.0%	9.9%
Hong Kong	-2.2%	-2.1%	-10.0%	-12.6%
Corporate Bonds	-0.4%	-0.4%	0.7%	0.7%
Sovereign Bonds	-0.3%	-0.3%	1.3%	1.3%

Equities

- Global stocks were down last week by -0.7% in euro terms and -1.0% in local terms.
- Year-to-date global markets are up 12.3% in euro terms and 15.5% in local terms.
- The U.S market, the largest in the world, finished at -1.0% in euro terms and -1.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.17% last week. The German equivalent finished at 2.64%. The Irish 10-year bond yield finished at 3.04%
- The Euro/U.S. Dollar exchange rate finished at 1.10, whilst Euro/GBP finished at 0.86.

Commodities

- Oil finished the week at \$82 per barrel and is down 0.1% year-to-date in euro terms.
- Gold finished the week at \$1,912 per troy ounce and is up 2.6% year-to-date in euro terms.
- Copper finished the week at \$8,256 per tonne.

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